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ABSTRACT

The Guastello-Zollar funding formula provides a foundation of state financial support to community colleges based on a "fair share partnership" concept of funding and a program of investment/incentive grants awarded to encourage colleges to implement programs which have high priority in Michigan's educational policy goals. The fair share partnership is based on state aid revenue as a percentage of total General Fund revenues for community colleges in 1976-77 (the prior fiscal year) resulting in a state share of 44%, local tax share of 22.6%, student tuition share of 26.4%, and miscellaneous revenue support of 7.0%. The formula equalizes state share based on average expenditures per student; equalizes local tax share based on regional ability to pay; and provides tuition relief when both tuition and local effort equals or exceeds state averages. The seven investment/incentive grants which may be awarded are: (1) Program Completion Grants, which are based on the number of degrees awarded; (2) Career Education Grants, which are based on commerce degrees and technical certificates; (3) Service Area Grants, which aid remotely located schools; (4) Remedial Program Grants, which encourage remedial education; (5) Target Training Grants, which promote special occupational skill training; (6) Student Counseling Grants, which encourage career planning; and (7) Prison Program Grants, which provide postsecondary education to inmates. Funding formulas are provided. (DB)

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The Guastello-Zollar Formula For Financing Michigan Community Colleges 1978-79

ED172884

A Report Prepared Expressly For The Michigan Senate

Prepared By:
Dave Murphy, Senate Fiscal Agency
George E. Miller, Senate Fiscal Agency

JC 790 433

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June, 1978

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State Senator Thomas Guastello
Assistant Majority Floor Leader
Appropriations Committee

THE SENATE
LANSING, MICHIGAN

District Office
38200 South Gratiot
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Area Code 313-468-0895

May 24, 1978

The Honorable Jerome Hart, Chairman
Senate Appropriations Committee
Michigan Senate
Lansing, Michigan 48909

Dear Senator Hart:

We herewith submit our recommendations for financing Michigan community colleges in fiscal year 1978-79. We believe that the proposal set forth in this document represents a positive step forward in the State's constitutional role of financing community colleges.

The proposal is presented in three parts. Part I contains a statement of rationale underlying the investment incentive formula concept. Part II delineates policy criteria and definitions contained in the formula. Part III details financial applications.

We wish to express our appreciation to all community colleges for their cooperation, counsel and assistance in developing this proposal.

Sincerely,

Thomas Guastello
The Honorable Thomas Guastello
Michigan Senate

Charles Zollar
The Honorable Charles O. Zollar
Michigan Senate

THE GUASTELLO-ZOLLAR FORMULA

FOR

FINANCING MICHIGAN COMMUNITY COLLEGES

1978-79

A REPORT PREPARED EXPRESSLY
FOR THE MICHIGAN SENATE

PREPARED BY:
DAVE MURPHY, SENATE FISCAL AGENCY
GEORGE E. MILLER, SENATE FISCAL AGENCY

JUNE, 1978

FOREWORD

The Investment/Incentive Formula is aimed at accomplishing statewide policy goals through positive financial incentives. This proposal is predicated on State policy set forth in the Michigan Constitution, existing basic statutes and goals articulated by the State Board of Education.

It involves three basic objectives; namely, a) to encourage each institution's response to local citizen demands for education, b) to equalize local tax support for less affluent community colleges, and c) to provide tuition relief for students where warranted.

The investment incentives contained in the Formula are designed to encourage realization of the following objectives:

...improve program completion rates

...recognize the expanded service

...requirements of remotely located community colleges

...encourage remedial education

...facilitate specialized vocational training programs for business, industry and labor

...expand career counseling and testing services

...provide post-secondary education to inmates in state correctional facilities.

ACKNOWLEDGMENTS

Sincere debts of gratitude are owed to Senator Thomas G. Guastello and Senator Charles O. Zollar. It is through their leadership and direction that this Proposal was developed.

Senator Jerome Hart and the members of the Senate Appropriations Committee are acknowledged for their expressed interest in and support of the Subcommittee's effort.

Tributes are also owed to those members of the Michigan Senate who offered valuable suggestions for refining and improving the Proposal.

Special acknowledgments are given to the following individuals and organizations for their contributions:

To Eugene B. Farnum and the Senate Fiscal Agency for providing the people, time and contingency support essential to developing the Proposal.

To Robert Cahow, Al Lorenzo, Bob Roeloffs, Philip Gannon, Lawrence Valade and Bob Huxol for their contributions as resource persons.

To the Michigan Community College Presidents for their counsel and advice in refining the Proposal.

To the Michigan Community College Business Officials Association for their generous contribution of ideas concerning alternative methods of financing community colleges.

To the State Board of Education for delineating major statewide policy goals for the Michigan Community College System.

Lansing, Michigan
June 1, 1978

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PART I

STATEMENT OF RATIONALE

RATIONALE FOR

THE INVESTMENT/INCENTIVE FORMULA

The Formula Goals

The Investment/Incentive Formula seeks to provide a stable foundation of state financial support for community colleges. It further augments that foundation of support with financial incentives to enable the realization of major policy goals articulated by the State Board of Education.

The Formula strives to avoid "penalties", "deducts" and other punitive actions which have occurred in past years through various mathematical forms of gimmickry. Rather, it focuses upon the importance of sustaining and enhancing the community college as an essential element in the total state responsibility of maximizing educational opportunity for all its citizens.

No attempt is made in the formula to evaluate, criticize, or rule upon the propriety of local constituency demands for specific kinds of post-secondary education experience. Article VIII, Section 7, of the Michigan Constitution, clearly states that these matters are the exclusive responsibility of locally elected boards of control.

The Investment/Incentive Formula attempts to establish state financial support for community colleges according to the provisions of the Michigan Constitution, existing basic statutes, and policy goals articulated by the State Board of Education. It is founded upon the following principles:

First, that provision of the Michigan Consititution which states: "The Legislature shall provide by law for the establishment and financial support of public community and junior colleges which shall be supervised and controlled by locally elected boards".

Second, the provisions of Act 331, Public Acts of 1966 which set forth in basic statute the definition, role and missions expected of public community and junior colleges in Michigan.

Third, statewide policy goals articulated by the State Board of Education concerning:

- Successful student completion of educational programs.
- The importance of career education and training.
- The need to maximize public access to post-secondary education throughout the State.
- The desire to encourage specialized occupationally oriented target training programs to retain existing industry, to attract new industry, and to facilitate the economic growth and well being of the State.
- The provision of remedial education programs needed by adult Michigan citizens in order to successfully undertake further study of post-secondary education.
- The importance of academic and career counseling to assist students in planning for and accomplishing future aspirations.

Foundation Base Objectives

The objectives of the foundation base of support are three-fold. First, it strives to sustain and facilitate each institution's response to local citizenry demands for post-secondary education as reflected in actual expenditure patterns. Second, it seeks to recognize and respond to the limited financial investment abilities of less affluent community college districts through equalization of local millages. Third, it seeks to provide as much tuition relief for students as possible given economic conditions in Michigan.

Investment Incentive Objectives

The Program Completion incentive is intended to encourage ongoing improvements in the delivery of educational services, thus providing added incentive and assistance to students in completing their associate degree studies at the community college prior to transferring to baccalaureate institutions.

The Career Education Program incentive is designed to a) facilitate the development and improvement of career oriented associate degree programs and one year vocational-technical program certificates, and b) encourage and assist students in completing their career education.

The Service Area incentive recognizes those institutions which, because of their remoteness from other public post-secondary institutions in

Michigan must assume a special role in the provision of post-secondary education services.

The Remedial Programs incentive encourages community colleges to offer remedial education services to students which are essential in order to successfully pursue further study. Disregard for remedial instruction of this type, all too often places students in impossible situations of predictable failure thus precluding the feasibility of additional post secondary education.

The Target Training Program incentive enables community colleges to respond to requests from business, industry and labor organizations for specialized occupational training and job upgrading programs. Cooperative programs of "hands-on" field instruction with business and industry not only facilitate the economic well being of our people; they also provide a critical and essential linkage between the classroom and the realities of human labor.

The Student Counseling Program is an incentive to sustain and improve counseling and testing services to students as a means of facilitating better planning of their academic and career education.

The Prison Program is designed to provide on-going post-secondary education to inmates of state correctional facilities as a part of their general rehabilitation.

PART II

CRITERIA DEFINITIONS

AND

FORMULA DESCRIPTIONS

FOUNDATION BASE OF SUPPORT

The Foundation Base of Support is composed of three investment factors, namely a Sustaining Grant, a Local Revenue Equalization Grant and a Tuition Relief Grant. The definitions, criteria and descriptions for each are presented as follows:

Sustaining Grant

The Sustaining Grant is described in terms of what the State share of each institution's General Fund support should be all things being equal in terms of local affluence and ability to pay.

The State's fair share sustaining grant contribution is defined according to the current realities of doing business, and the system's potential for generating additional local revenues to offset increased costs. Thus, the State fair share is based upon state aid revenue as a percentage of total General Fund revenues experienced by community colleges in the 1976-77 fiscal year. Accordingly, the fair share partnership is as follows:

Fair Share Partnership*

State Share	43.97%
Local Tax Share	22.64%
Student Share	26.37%
Institutional Share	7.02%

The Sustaining Grant then is 43.97 percent of each institution's prior year expenditure (1976-77) with two modifications.

The first modification of the sustaining grant is based on "ability to pay." In attempting to equalize ability to pay, all aspects of the fair share partnership must be considered, i.e. state share, local tax share, and student share. Equalization of the sustaining grant is achieved by bringing up to the state average expenditure level, those institutions, which because of

* Source: Actual 1976-77 General Fund Revenue Reports to Department of Management and Budget.

Sustaining Grant (Continued)

prior underfunding, have not had sufficient revenues to meet state average expenditure levels. The specific application of this approach is given in Table 1.

TABLE 1

EQUALIZATION OF SUSTAINING GRANT

(1976-77 [1] STATE TOTAL EXPENDITURES)	DIVIDED BY	(1977 STATE TOTAL CYES)	=	1976-77 [2] STATE AVERAGE EXPENDITURE PER CYES
(STATE AVERAGE EXPENDITURE PER CYES)	MINUS	(COLLEGE'S 1976-77 EXPENDITURE PER CYES)	=	COLLEGE'S EXPENDITURE SHORT FALL PER CYES (NOT LESS THAN ZERO)
(COLLEGE'S EXPENDITURE SHORT FALL PER CYES (NOT LESS THAN ZERO))	TIMES	(COLLEGE'S 1977 CYES)	=	COLLEGE'S TOTAL EXPENDITURE SHORT FALL
(COLLEGE'S TOTAL EXPENDITURE SHORT FALL)	X 43.96%		=	SUSTAINING GRANT EQUALIZATION FACTOR

1 State total Expenditures means total System Wide General Fund Expenditures.

2 For institutions under 1,500 CYES this is defined as $2487 per CYES. For all other institutions it is $2004.

SUSTAINING GRANT (Continued)

A second modification in deriving the sustaining grant is a ceiling adjustment for high wealth districts which, in prior years, received substantially less than 44% state support. This adjustment moves these districts one-half of the distance from prior year percent state support toward the 44 percent level. The ceiling adjustment is mathematically applied as follows:

$$\text{COLLEGE'S 1976-77 EXPENDITURE} \times (43.96\% - A\%) + A\%$$

WHERE,

$$A\% = \frac{\text{1976-77 COLLEGE'S STATE APPROPRIATION}}{\text{1976-77 COLLEGE'S GEN. FUND EXPENDITURE}}$$

The sustaining grant for each college is defined as follows:

$$(43.97\%^{1} \times \text{COLLEGE'S 1976-77 G. F. EXPEND.}) + \text{EQUALIZATION FACTOR}^{2} = \text{COLLEGE'S STATE SUSTAINING GRANT}$$

Local Revenue Equalization Grant

The Local Revenue Equalization Grant provides additional state funds to those institutions whose base of local wealth is insufficient to generate local fair share revenues even though a reasonable effort is made through voted millage for operations.

The definition of the fair share partnership for local tax revenue is 22.64%, assuming an equal ability to pay.

1 As modified by ceiling adjustment factor.

2 $2,004 or $2,487 where applicable.

Local Revenue Equalization Grant (Continued)

Derivation of the Local Revenue Equalization Grant is described according to actual 1976-77 system General Fund Expenditures as follows:

IF LOCAL EFFORT WERE SAID TO BE UNIFORM, THEN IN ORDER TO GENERATE --

22.64%

OF THE ACTUAL 1976-77 SYSTEM EXPENDITURE, EACH INSTITUTION WOULD HAVE TO LEVY --

1.25 MILLS

TO YIELD THE REQUIRED SEV PER IN-DISTRICT CYES OF --

$ 588

SEE TABLE 2

TABLE 2

APPLICATION OF PROCESS TO DERIVE LOCAL MILLAGE EFFORT AND SEV/CYES YIELD

1976-77*

Total General Fund = $217,214,000

Expenditure for Community Colleges

1976-77

State	43.97%	$ 95,517,000
Local Tax	22.64%	49,186,000
Tuition	26.37%	57,286,000
Other	7.02%	15,223,000
Total	100.0 %	$217,214,000
Millage Needed on $39.3 Billion Total SEV To Yield Local Amount		$ 49,186,000 ÷ 39.3 Billion = 1.25 mills
Total Local Taxes Per Total in District CYES (83,678)		$ 49,186,000 ÷ 83,678 CYES = $ 588 PER CYES
Total Local Taxes Per Total CYES (108,391)		$ 49,186,000 ÷ 108,391 = $ 454 PER CYES

* Source: Department of Management and Budget (Exclusive of Prison Program)

Local Revenue Equalization Grant (Continued)

The formula process used to calculate the amount of the Local Revenue Equalization Grant for an institution involves two alternative applications.

The first application equalizes only on the basis of In-District Students. This application is chosen for those districts which have a high proportion of in-district students.

The process for applying this alternative is given in Table 3.

TABLE 3

FORMULATION OF LOCAL REVENUE EQUALIZATION GRANT
FOR IN-DISTRICT CYES

STATEWIDE AVERAGE SEV PER IN DISTRICT CYES	X	DISTRICT OPERATING MILLAGE	=	COMPARATIVE EFFORT MEASURE
COMPARATIVE EFFORT MEASURE	→	NOT TO EXCEED EQUALIZING CAP		SEV PER IN-DISTRICT CYES EQUALIZING CAP
SEV PER IN-DISTRICT CYES EQUALIZING CAP	—	ACTUAL DISTRICT SEV PER IN-DISTRICT CYES	=	STATE EQUALIZATION AID PER IN-DISTRICT CYES
STATE EQUALIZATION AID PER IN-DISTRICT CYES	X	COLLEGE'S IN-DISTRICT CYES	=	THE COLLEGE'S STATE EQUALIZATION AID GRANT

NOTE: In keeping with legislative policy established in prior years, Wayne County Community College's millage is equalized at 1.25.

Local Revenue Equalization Grant (Continued)

In those instances where the use of the In-District CYES method would be inappropriate due to a high proportion of out of district students served, a second alternative is chosen. This alternative is applied in the same manner as the In-District CYES method with two important changes: First, all CYES are used in calculating SEV/CYES. Second, the tuition differential paid by out of district students is considered as a contribution in lieu of local tax revenue. This alternative application is detailed in Table 4.

TABLE 4

FORMULATION OF LOCAL REVENUE EQUALIZATION GRANT
FOR OUT-OF-DISTRICT CYES

(STATEWIDE AVERAGE SEV PER TOTAL CYES) X (DISTRICT OPERATING MILLAGE) = COMPARATIVE EFFORT MEASURE

(COMPARATIVE EFFORT MEASURE) → (NOT TO EXCEED EQUALIZING CAP OF $454) = SEV PER CYES EQUALIZING CAP

(SEV PER CYES EQUALIZING CAP) - (ACTUAL SEV PER CYES) = GROSS LOCAL REVENUE EQUALIZATION GRANT PER CYES

(GROSS LOCAL REVENUE EQUALIZATION GRANT PER CYES) X (COLLEGES TOTAL CYES) = GROSS LOCAL REVENUE EQUALIZATION GRANT

(GROSS LOCAL REVENUE EQUALIZATION GRANT) - ($267.53* x COLLEGE'S OUT-OF-DISTRICT CYES) = COLLEGE'S GRANT FOR LOCAL REVENUE EQUALIZATION

* NOTE: The $267.53 is derived by multiplying the difference between State average In-District and Out-of-District rates per SCH by 31 to obtain a CYES rate.

Tuition Relief Grant

The Tuition Relief Grant provides additional state funds to offset high tuitions at institutions currently levying at least 1.25 mills and charging tuition in excess of the statewide average of $440.20 per in-district CYES and $707.73 per out-of-district CYES. The Tuition Relief Grant is described as follows:

Step 1

College's Tuition Rate per In-District and Out-of-District CYES	X	College's In-District CYES and Out-of-District CYES	=	College's Tuition Revenue

Step 2

In-Dist. $440.20/CYES and Out-Dist. $707.73/CYES	X	In-Dist. CYES and Out-Dist. CYES	=	Imputed Tuition Revenue

If the college's actual tuition revenue (Step 1) is higher than the imputed tuition revenue (Step 2), and if local operating millage exceeds 1.25, then the difference between the above two calculations represents the tuition relief grant amount.

INVESTMENT INCENTIVE GRANTS

Seven Investment Incentive Grants are proposed for consideration. The definitions, criteria and descriptions of each are presented as follows:

Program Completion Grant

The Program Completion Grant is based on the number of Associate of Arts and Associate of Science Degrees awarded in the 1977-78 fiscal year.

A grant value of $240 per Associate of Arts or Associate of Science Degree awarded is established in accordance with existing State policy concerning associate degree capitation grants in the private sector of Michigan Higher Education.

Appropriations for this incentive grant would be allocated in 12 monthly installments upon institutional certification to the State Budget Director of the number of Associate of Arts and Associate of Science Degrees awarded in fiscal year 1977-78. For purposes of this grant program, the 1977-78 fiscal year is defined as July 1, 1977 through June 30, 1978.

Career Education Grant

The Career Education Grant Program is based on the number of Associate of Applied Science and Associate of Commerce Degrees awarded as well as the number of one-year vocational training certificates awarded in fiscal year 1977-78.

A grant value of $240 per Associate of Applied Science or Associate of Commerce Degree awarded is established in accordance with existing State policy concerning associate degree capitation grants in the private sector of Michigan Higher Education.

A grant value of $120 per each one-year vocational training certificate of successful program completion awarded in fiscal year 1977-78 is also proposed. Each vocational certificate should involve the equivalent of at least 31 semester credit hours of concentrated study in a specific occupational skill program. It should also represent a certification by the institution that the student has successfully mastered the occupational skills necessary to qualify for application

ESTIMATED PROGRAM COMPLETION GRANT

Community College	1976-77* AA/AS Degrees	Payout @ $240 Per Degree
Alpena	149	$ 35,800
Bay De Noc	65	15,600
C.S. Mott	211	50,600
Delta	420	100,800
Glen Oaks	157	37,700
Gogebic	89	21,400
Grand Rapids	707	169,700
Henry Ford	45	10,800
Highland Park	148	35,500
Jackson	340	81,600
Kalamazoo	367	88,100
Kellogg	225	54,000
Kirtland	48	11,500
Lake Michigan	116	27,800
Lansing	300	72,000
Macomb	2,129	511,000
Mid-Michigan	30	7,200
Monroe	114	27,400
Montcalm	106	25,400
Muskegon	249	59,800
North Central	75	18,000
Northwestern	232	55,700
Oakland	653	156,700
St. Clair	157	37,800
Schoolcraft	292	70,100
So. Western	240	57,600
Washtenaw	175	42,000
Wayne	724	173,800
West Shore	66	15,800
TOTALS	8,629	$2,071,200

* Source: Department of Education, HEGIS, 1976-77

Career Education Grant (Continued)

to licensure where applicable or direct entry into those occupations for which the training program was designed.

If, after successfully receiving a one-year vocational certificate, a student enrolls in a second year of study and subsequently completes an Associate Degree of Arts, Science, Applied Science, or Commerce, the institution is then eligible for an additional award of $120 for the degree awarded.

In no instance would the college receive more than a total grant of $240 for awarding an associate degree and a one-year vocational certificate to the same student.

Appropriations for this incentive grant would be allocated in 12 monthly installments upon institutional certification to the State Budget Director of the number of one-year vocational certificates awarded in fiscal year 1977-78.

Service Area Grant

The Service Area Grant factor is defined in terms of the distance or remoteness of certain community colleges from all other public-postsecondary education institutions in Michigan.

Any institution located more than forty miles from a sister community college or a public baccalaureate institution is defined as being eligible for this grant.

According to this definition, the following institutions would qualify for grants:

Alpena	Lake Michigan	North Central
Bay De Noc	Mid-Michigan	Northwestern
Glen Oaks	Montcalm	St. Clair
Gogebic	Monroe	Southwestern
Kirtland	Muskegon	West Shore

The grant value is based upon 3.5% of 1976-77 General Fund expenditures (exclusive of prison programs).

CAREER EDUCATION GRANT

Community College	1976/77* AAS/A. Commerce Degrees	Payout at $240/Degree	1976-77* V-T Certif.	Payout at $120/Cert.	Total Grant
Alpena	56	$ 13,400	96	$ 11,500	$ 24,900
Bay De Noc	72	17,300	173	20,800	38,100
C.S. Mott	382	91,700	306	36,700	128,400
Delta	479	115,000	50	6,000	121,000
Glen Oaks	-0-	-0-	-0-	-0-	-0-
Gogebic	80	19,200	87	10,400	29,600
Grand Rapids	227	54,500	163	19,600	74,100
Henry Ford	160	38,400	30	3,600	42,000
Highland Park	147	35,300	122	14,600	49,900
Jackson	231	55,400	122	14,600	70,000
Kalamazoo	-0-	-0-	105	12,600	12,600
Kellogg	251	60,200	78	9,400	69,600
Kirtland	44	10,600	62	7,400	18,000
Lake Michigan	150	36,000	23	2,800	38,800
Lansing	631	151,400	190	22,800	174,200
Macomb	-0-	-0-	633	76,000	76,000
Mid-Michigan	27	6,500	107	12,800	19,300
Monroe	105	25,200	79	9,500	34,700
Montcalm	-0-	-0-	90	10,800	10,800
Muskegon	149	35,800	101	12,100	47,900
North Central	146	35,000	-0-	-0-	35,000
Northwestern	112	26,900	66	7,900	34,800
Oakland	521	125,000	148	17,800	142,800
St. Clair	308	73,900	123	14,800	88,700
Schoolcraft	343	82,300	66	7,900	90,200
So. Western	-0-	-0-	-0-	-0-	-0-
Washtenaw	234	56,200	76	9,100	65,300
Wayne	105	25,200	38	4,600	29,800
West Shore	17	4,100	33	4,000	8,100
TOTALS	4,977	$1,194,500	3,167	$380,100	$1,574,600

* Source: Department of Education, HEGIS, 1976-77

SERVICE AREA FACTOR

SERVICE	Service Area Grants*
Alpena	$ 94,163
Bay de Noc	83,349
Glen Oaks	60,321
Gogebic	60,590
Kirtland	72,949
Lake Michigan	119,424
Mid Michigan	72,611
Monroe	116,589
Montcalm	41,188
Muskegon	188,300
North Central	54,408
Northwestern	160,710
St. Clair	180,712
Southwestern	81,311
West Shore	71,099
TOTAL	$ 1,457,724

*Defined as 3.5% of 1976-77 C.F. Expenditure exclusive of prisons.

Remedial Program Grant

The Remedial Program Grant would provide direct incentive monies to enable each institution to develop and expand remedial education offerings. Grants are based on the following amounts:

- Colleges with less than 1,500 CYES* = $25,000
- Colleges with more than 1,500 CYES but less than 4,000 CYES* = $50,000
- Colleges with more than 4,000 CYES* = $100,000

This Grant would be subject to the following boilerplate provisions:

"(1) Included in the amounts appropriated in Section 1, is the sum of $25,000 appropriated to each community college with less than 1,500 CYES, $50,000 to each community college with more than 1,500 CYES but less than 4,000 CYES, and $100,000 to community colleges more than 4,000 CYES for the exclusive purpose of developing and conducting Remedial Education Programs according to the definitions cited in Section 7(1)(c), Act No. 97, Public Acts of 1977."

"(2) Each community college shall certify to the State Budget Director that these monies are expended for the purpose for which they are appropriated. This certification shall include a statement of expenditure for Remedial Programs, and shall be submitted to the State Budget Director no later than September 1, 1979."

* Based on enrollments stated in 1978-79 Executive Budget Detail, pages K-36 and K-37.

REMEDIAL PROGRAM GRANT

Community College	Grant Amount*
Alpena	$ 25,000
Bay De Noc	25,000
C. S. Mott	100,000
Delta	100,000
Glen Oaks	25,000
Gogebic	25,000
Grand Rapids	100,000
Henry Ford	100,000
Highland Park	50,000
Jackson	100,000
Kalamazoo	50,000
Kellogg	50,000
Kirtland	25,000
Lake Michigan	50,000
Lansing	100,000
Macomb	100,000
Mid Michigan	25,000
Monroe	25,000
Montcalm	25,000
Muskegon	50,000
North Central	25,000
Northwestern	50,000
Oakland	100,000
St. Clair	50,000
Schoolcraft	100,000
So. Western	25,000
Washtenaw	50,000
Wayne	100,000
West Shore	25,000
TOTAL	$1,675,000

* Based on 1978-79 Executive Budget Detail, Pages K- 36 & 37

Target Training Program Grant

This Grant would provide $25,000 to each institution with less than 1,500 CYES, $50,000 to each institution with more than 1,500 CYES but less than 4,000 CYES, and $100,000 to each institution with more than 4,000 CYES for the purpose of developing and conducting Target Training Programs.*

The Grant would be subject to the following boilerplate provisions:

"(1) Included in the amounts appropriated in Section 1, is the sum of $25,000 appropriated to each community college with less than 1,500 CYES, $50,000 to community college with more than 1,500 CYES but less than 4,000 CYES, and $100,000 to colleges with more than 4,000 CYES for the exclusive purpose of developing and conducting special Target Training Programs for business, industry and labor."

"(2) For purposes of this section, Target Training Program means specialized occupational skill training programs which a) are not a part of the regular college curriculum, b) are specially designed for current or future employees of a business or industry, and c) are specifically requested by a business, industry or labor organization."

"(3) Each community college shall certify to the State Budget Director that these monies are expended for the purpose for which they are appropriated. This certification shall include a statement of expenditure for target training programs, and shall be submitted to the State Budget Director no later than September 1, 1979."

* Based on enrollments stated in 1978-79 Executive Budget Detail, pages K-36 & K-37

TARGET TRAINING PROGRAM GRANT

Community College	Grant Amounts*
Alpena	$ 25,000
Bay De Noc	25,000
C.S. Mott	100,000
Delta	100,000
Glen Oaks	25,000
Gogebic	25,000
Grand Rapids	100,000
Henry Ford	100,000
Highland Park	50,000
Jackson	100,000
Kalamazoo	50,000
Kellogg	50,000
Kirtland	25,000
Lake Michigan	50,000
Lansing	100,000
Macomb	100,000
Mid Michigan	25,000
Monroe	25,000
Montcalm	25,000
Muskegon	50,000
North Central	25,000
Northwestern	50,000
Oakland	100,000
St. Clair	50,000
Schoolcraft	100,000
So. Western	25,000
Washtenaw	50,000
Wayne	100,000
West Shore	25,000
TOTALS	$1,675,000

*Based on 1978-79 Executive Budget Detail, pages K-36 and K-37.

Counseling Program Grant

The Counseling Program Grant is defined as 10% of 1976-77 expenditures for counseling as reported according to Section 17, Act No. 97, Public Acts of 1977.

Prison Program Grant

The Prison Program Grant is a continuation factor. The Grant is defined as the Executive Budget Recommendation for 1978-79. It is recommended that these grants be transferred to the Department of Corrections appropriation bill, and that the principle of direct institutional grants be maintained.

Investment Projection Adjustment

The final step in deriving formula totals is the application of an Investment Projection Adjustment. This Adjustment is defined in terms of the increased systemic investment need as a function of all other elements in the formula when applied. It is established by examining the quadralineal correlates between a) the three methodologies utilized by the community college business officers in arriving at their estimates of need in 1977-78, and b) the recommendations set forth by the Governor in his 1978-79 Budget. The results of this analysis reveals that base sustaining grants would have to be adjusted in order to project all combined investment factors into the 1978-79 fiscal year.

This adjustment is established as a one-time base grant which moves the system to full funding in 1978-79.

It is applied simply by multiplying the base sustaining grant at each institution by a factor of .14813 for the Traditional Triad Option or .1262 for the Contemporary Quadrant Option.

STUDENT COUNSELING GRANT

Community College	Student Counseling Expenditure*	Payout @ 10% Rate
Alpena	$ 73,600	$ 7,400
Bay De Noc	50,500	5,100
C.S. Mott	410,100	41,100
Delta	342,300	34,200
Glen Oaks	78,800	7,800
Gogebic	49,900	5,000
Grand Rapids	NOT SUBMITTED	--
Henry Ford	522,300	52,200
Highland Park	229,663	23,000
Jackson	428,800	42,900
Kalamazoo	216,900	21,700
Kellogg	236,200	23,600
Kirtland	40,100	4,000
Lake Michigan	109,900	11,000
Lansing	609,400	60,900
Macomb	941,900	94,200
Mid-Michigan	108,900	10,900
Monroe	97,700	9,800
Montcalm	77,900	7,800
Muskegon	167,000	16,700
North Central	18,900	1,900
Northwestern	172,600	17,300
Oakland	NOT SUBMITTED	--
St. Clair	107,500	10,700
Schoolcraft	473,700	47,400
So. Western	81,200	8,100
Washtenaw	313,600	31,400
Wayne	252,300	25,200
West Shore	51,000	5,100
TOTALS	$6,033,000	$603,400

* Source: Reports submitted to Legislative Fiscal Agencies according to Section 17, Act 97, P.A. 1977.

1978-79 Recommendation

COMMUNITY COLLEGES

STATE AID FOR PRISON PROGRAMS

	1977-78	Gov's Recom. Increase	1978-79 Recom. Total
PRISON			
Gogebic	$ 464,495	$ 148,819	$ 613,314
Jackson	1,705,765	26,694	1,732,459
Kirtland	195,815	40,817	236,632
Montcalm	459,811	66,614	526,425
Muskegon	256,690	35,321	292,011
Schoolcraft	123,234	26,831	150,065
Washtenaw	99,360	50,536	149,896
West Shore	60,677	10,679	71,356
TOTAL	$3,365,847	$ 406,311	$3,772,158

PART III

FINANCIAL APPLICATIONS

GUASTELLO/ZOLLAR FORMULA
APPLICATION OF FOUNDATION OF SUPPORT GRANTS

	Sustaining Grant			Local Revenue Equalization			
	44% Base	Equalization $2004/2487	Total Sustaining Grant	In-District Formula	Out-of District Formula	Tuition Relief	Total Foundation Base
Alpena	$ 1,182,958	$ 272,120	$ 1,455,078	0	$ 162,200	$ 40,746	$ 1,846,797
Bay de Noc	1,047,102	- 0	1,047,102	178,021	0	0	1,357,266
C. S. Mott	5,923,746	- 0	5,923,746	177,320	0	14,556	6,887,414
Delta	4,912,221	0	4,912,221	0	0	319,108	5,891,523
Glen Oaks	685,540	0	685,540	13,254	0	15,063	802,273
Gogebic	761,185	49,229	810,414	102,888	0	0	1,015,576
Grand Rapids	4,428,130	499,803	4,997,933	0	1,019,873	58,167	6,842,761
Henry Ford	6,869,626	0	6,869,626	0	784,328	0	8,619,883
Highland Park	2,420,162	0	2,420,162	0	221,868	0	2,975,454
Jackson	2,643,667	275,137	2,918,803	893,646	0	280,212	4,609,155
Kalamazoo	2,793,656	0	2,793,656	22,828	0	0	3,171,924
Kellogg	2,591,246	0	2,591,246	469,352	0	92,665	3,551,204
Kirtland	916,454	57,356	973,810	0	0	0	1,096,704
Lake Michigan	1,429,900	32,992	1,462,892	0	0	0	1,647,509
Lansing	7,967,364	74,091	8,041,455	2,280,346	0	0	11,624,413
Macomb	9,589,569	1,340,495	10,930,064	476,182	0		12,845,714
Mid Michigan	912,197	197,117	1,109,314	50,693	0	0	1,300,002
Monroe	1,257,983	0	1,257,983	0	0	0	1,416,740
Montcalm	517,433	112,585	630,018	0	0	0	709,526
Muskegon	2,365,582	55,757	2,421,339	572,552	0	0	3,371,721
North Central	683,514	270,595	954,108	0	0	0	1,074,517
Northwestern	2,018,974	- 0	2,018,974	100,814	0	0	2,387,305
Oakland	8,078,371	466,393	8,544,763	0	0	0	9,623,112
St. Clair	2,270,265	0	2,270,265	178,060	0	110,089	2,881,286
Schoolcraft	4,223,784	0	4,223,784	229,653	0	255,887	5,303,640
Southwestern	1,021,497	426,976	1,448,473	0	0	0	1,631,270
Washtenaw	3,556,120	0	3,556,120	0	0	83,838	4,099,321
Wayne	8,457,454	2,512,973	10,970,427	4,692,868	0	0	17,640,003
West Shore	784,083	0	784,083	0	0	18,594	903,975
TOTAL	$ 92,379,783	$ 6,643,619	$ 99,023,399	10,438,477	$ 2,188,269	$ 1,288,925	$ 127,127,988

GUASTELLO-ZOLLAR FORMULA
APPLICATION OF INVESTMENT INCENTIVE GRANTS

COLLEGE	Program Completion Grants	Career Educ. Grants	Service Area Grants	Remedial Programs Grants	Target Training Grants	Student Counseling Grants	Total I. I. Grants
Alpena	$ 35,800	$ 24,900	$ 94,163	$ 25,000	$ 25,000	$ 7,400	$ 212,263
Bay de Noc	15,600	38,100	83,349	25,000	25,000	5,100	192,149
C. S. Mott	50,600	128,400	0	100,000	100,000	41,100	421,100
Delta	100,800	121,000	0	100,000	100,000	34,200	456,000
Glen Oaks	37,700	0	60,321	25,000	25,000	7,800	155,821
Gogebic	21,400	29,600	60,590	25,000	25,000	5,000	166,590
Grand Rapids	169,700	74,100	0	100,000	100,000	0	443,800
Henry Ford	10,800	42,000	0	100,000	100,000	52,200	305,000
Highland Park	35,500	49,900	0	50,000	50,000	23,000	208,400
Jackson	81,600	70,000	0	100,000	100,000	42,900	394,500
Kalamazoo	88,100	12,600	0	50,000	50,000	21,700	222,400
Kellogg	54,000	69,600	0	50,000	50,000	23,600	247,200
Kirtland	11,500	18,000	72,949	25,000	25,000	4,000	156,449
Lake Michigan	27,800	38,800	119,424	50,000	50,000	11,000	297,024
Lansing	72,000	174,200	0	100,000	100,000	60,900	507,100
Macomb	511,000	76,000	0	100,000	100,000	94,200	881,200
Mid Michigan	7,200	19,300	72,611	25,000	25,000	10,900	160,011
Monroe	27,400	34,700	116,589	25,000	25,000	9,800	238,489
Montcalm	25,400	10,800	41,188	25,000	25,000	7,800	135,188
Muskegon	59,800	47,900	188,300	50,000	50,000	16,700	412,700
North Central	18,000	35,000	54,408	25,000	25,000	1,900	159,308
Northwestern	55,700	34,800	160,710	50,000	50,000	17,300	368,510
Oakland	156,700	142,800	0	100,000	100,000	0	499,500
St. Clair	37,800	88,700	180,712	50,000	50,000	10,700	417,912
Schoolcraft	70,100	90,200	0	100,000	100,000	47,400	407,700
Southwestern	57,600	0	81,311	25,000	25,000	8,100	197,011
Washtenaw	42,000	65,300	0	50,000	50,000	31,400	238,700
Wayne	173,800	29,800	0	100,000	100,000	25,200	428,800
West Shore	15,800	8,100	71,099	25,000	25,000	5,100	150,099
TOTAL	$ 2,071,200	$ 1,574,600	$ 1,457,724	$ 1,675,000	$ 1,675,000	$ 627,400	$ 9,080,924

Note: All columns exclude prison programs.

SUMMARY OF GUASTELLO-ZOLLAR FORMULA APPLICATION

	Sustaining Grant	Local Revenue Equalization	Tuition Relief	Total I.I. Grants	Investment Projection Adjustment	Total
Alpena	$ 1,455,078	$ 162,200	$ 40,746	$ 212,263	$ 188,773	$ 2,059,060
Bay de Noc	1,047,102	178,021	0	192,149	132,144	1,549,415
C. S. Mott	5,923,746	177,320	14,556	421,100	771,792	7,308,514
Delta	4,912,221	0	319,108	456,000	660,194	6,347,523
Glen Oaks	585,540	13,254	15,063	155,821	88,416	958,094
Gogebic	810,414	102,888	0	166,590	102,274	1,182,167
Grand Rapids	4,997,933	1,019,873	58,167	443,800	766,788	7,286,561
Henry Ford	6,869,626	784,328	0	305,000	965,929	8,924,883
Highland Park	2,420,162	221,868	0	208,400	333,424	3,183,854
Jackson	2,918,803	893,646	280,212	394,500	516,494	5,003,655
Kalamazoo	2,793,656	22,828	0	222,400	355,440	3,394,324
Kellogg	2,591,246	469,352	92,665	247,200	397,942	3,798,404
Kirtland	973,810	0	0	156,449	122,895	1,253,154
Lake Michigan	1,462,892	0	0	297,024	184,617	1,944,533
Lansing	8,041,455	2,280,346	0	507,100	1,302,611	12,131,513
Macomb	10,930,064	476,182	0	881,200	1,439,468	13,726,914
Mid Michigan	1,109,314	50,693	0	160,011	139,995	1,460,012
Monroe	1,257,983	0	0	238,489	158,757	1,655,229
Montcalm	630,018	0	0	135,188	79,508	844,713
Muskegon	2,421,339	572,552	0	412,700	377,829	3,784,420
North Central	954,108	0	0	159,308	120,408	1,233,824
Northwestern	2,018,974	100,814	0	368,510	267,517	2,755,815
Oakland	8,544,763	0	0	499,500	1,078,349	10,122,612
St. Clair	2,270,265	178,060	110,089	417,912	322,872	3,299,199
Schoolcraft	4,223,784	229,653	255,887	407,700	594,317	5,711,340
Southwestern	1,448,473	0	0	197,011	182,797	1,828,281
Washtenaw	3,556,120	0	83,838	238,700	459,363	4,338,021
Wayne	10,970,427	4,692,868	0	428,800	1,976,708	18,068,803
West Shore	784,083	0	18,594	150,099	101,298	1,054,074
TOTAL	$ 99,023,399	$ 12,626,746	$ 1,288,925	$ 9,080,924	$ 14,188,919	$ 136,208,912

NOTE: All columns exclude prison programs.

(3546 & 3553)

SUMMARY COMPARISON OF ALTERNATIVES FOR FINANCING COMMUNITY COLLEGES

COLLEGE	1977-78 State Approp.	1978-79 Governor's Recom.	Guastello/ Zollar Formula
Alpena	$ 1,562,840	$ 1,629,789	$ 2,059,060
Bay de Noc	1,163,476	1,302,825	1,549,415
C. S. Mott	5,703,085	4,869,833	7,308,514
Delta	4,533,110	4,925,787	6,347,523
Glen Oaks	660,929	724,291	958,094
Gogebic	923,148	1,183,165	1,182,167
Grand Rapids	5,717,768	6,612,432	7,286,561
Henry Ford	7,631,476	8,923,622	8,924,883
Highland Park	3,069,766	2,780,515	3,183,854
Jackson	3,065,334	3,783,888	5,003,655
Kalamazoo	3,050,268	3,274,465	3,394,324
Kellogg	2,639,190	3,010,346	3,798,404
Kirtland	1,008,224	1,019,928	1,253,154
Lake Michigan	1,498,717	1,389,269	1,944,533
Lansing	9,760,926	11,006,543	12,131,513
Macomb	12,079,739	11,882,868	13,726,914
Mid Michigan	1,242,557	1,477,303	1,460,012
Monroe	1,155,621	1,080,270	1,655,229
Montcalm	628,800	696,794	844,713
Muskegon	3,217,937	3,060,229	3,784,420
North Central	948,191	1,014,168	1,233,824
Northwestern	2,296,825	2,496,931	2,755,815
Oakland	7,797,523	6,938,182	10,122,612
St. Clair	2,449,426	2,597,947	3,299,199
Schoolcraft	4,128,953	4,453,217	5,711,340
Southwestern	1,585,357	1,692,431	1,828,281
Washtenaw	3,200,490	3,343,502	4,338,021
Wayne	13,069,040	15,273,277	18,068,803
West Shore	698,514	726,531	1,054,074
TOTAL	$ 106,538,230	$ 113,170,348	$ 136,208,912

NOTE: All columns exclude prison programs.

(3554)

APPENDIX A

SUMMARY OF THE INVESTMENT/INCENTIVE FORMULA FOR COMMUNITY COLLEGES

SUMMARY OF THE INVESTMENT INCENTIVE

FORMULA FOR COMMUNITY COLLEGES

1. PROVIDES A FOUNDATION OF SUPPORT TO COMMUNITY COLLEGES BASED ON THE "FAIR SHARE PARTNERSHIP" CONCEPT AS FOLLOWS:

   DEFINES STATE SHARE, LOCAL SHARE AND STUDENT TUITION SHARE ACCORDING TO ACTUAL 1976-77 STATEWIDE REVENUE BY SOURCE, I.E.,

STATE SHARE	44.0%
LOCAL TAX SHARE	22.6%
STUDENT TUITION SHARE	26.4%
MISCELLANEOUS REVENUE	7.0%

   - EQUALIZES STATE SHARE BASED ON AVERAGE STATEWIDE EXPENDITURES PER STUDENT.
   - EQUALIZES LOCAL TAX SHARE BASED ON ABILITY TO PAY.
   - PROVIDES TUITION RELIEF WHEN BOTH TUITION AND LOCAL EFFORT EQUALS OR EXCEEDS STATE AVERAGES.

2. PROVIDES INCENTIVE GRANTS TO ENCOURAGE COMMUNITY COLLEGES TO IMPLEMENT AND/OR EXPAND PROGRAMS WHICH HAVE HIGH PRIORITY IN TERMS OF STATE POLICY GOALS. THIS YEAR'S GRANTS INCLUDE:
   - GRANTS TO ENCOURAGE STUDENT COMPLETION OF ASSOCIATE DEGREE PROGRAMS.
   - GRANTS TO ENCOURAGE STUDENT COMPLETION OF VOCATIONAL-TECHNICAL TRAINING.
   - SERVICE AREA GRANTS WHICH RECOGNIZE THE EXPANDED POST-SECONDARY EDUCATION ROLE WHICH REMOTELY LOCATED COLLEGES MUST PERFORM.

SUMMARY OF THE INVESTMENT INCENTIVE FORMULA FOR COMMUNITY COLLEGES (CONTINUED)

- REMEDIAL EDUCATION GRANTS TO ENCOURAGE IMPROVED FUNDAMENTAL SKILLS IN READING, WRITING, MATHEMATICS AND SCIENCE.
- TARGET TRAINING GRANTS TO RESPOND TO MANPOWER TRAINING REQUESTS FROM BUSINESS, INDUSTRY AND LABOR.
- STUDENT COUNSELING GRANTS TO ENCOURAGE BETTER EDUCATIONAL AND CAREER PLANNING.
- PRISON PROGRAM GRANTS TO PROVIDE POST-SECONDARY EDUCATION TO INMATES OF STATE CORRECTIONAL FACILITIES.

APPENDIX B

SUMMARY OF SENATE APPROPRIATIONS COMMITTEE

RECOMMENDATIONS FOR FINANCING COMMUNITY COLLEGES

IN 1978-79

SUMMARY OF SENATE APPROPRIATIONS

COMMITTEE RECOMMENDATIONS

1. That the Investment Incentive Formula for financing Community Colleges be phased-in beginning with the 1978-79 fiscal year.

2. That the K-14 funding differential be phased-out in 1978-79.

3. That the Governor's 1978-79 recommendation for financing prison programs be adopted.

4. That the Community College taxonomy be terminated.

5. That the Community Colleges, the Department of Management and Budget and the Fiscal Agencies cooperatively begin development of a program structure for documenting community college financial needs each year.

SUBSTITUTE FOR S.B. 1367

1978-79 COMMUNITY COLLEGE APPROPRIATIONS

FINANCIAL SUMMARY OF SENATE APPROPRIATIONS COMMITTEE RECOMMENDATIONS

1977-78 ALLOCATION BASED ON MARCH 1, PAYOUT ESTIMATE	$109,904,100
1978-79 INVESTMENT INCENTIVE FORMULA PHASE-IN	17,974.100
PHASE-OUT OF K-14 DIFFERENTIAL	302,300
PRISON PROGRAM GRANTS INCREASE	406,300
1978-79 SENATE APPROPRIATIONS COMMITTEE RECOMMENDATION	$127,878,200
1978-79 GOVERNOR'S RECOMMENDATION	$116,942,500
SENATE APPROPRIATIONS COMMITTEE INCREASE OVER GOVERNOR	$ 10,934,900

1978-79 RECOMMENDATION
FOR PHASE-IN OF GUASTELLO-ZOLLAR FORMULA
COMMUNITY COLLEGES

03-30-78
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COLLEGE	1977-78 State Approp.	Governor's Recom.	Senate Subc. Total	Increase over 1977-78
Alpena	$ 1,562,840	$ 1,629,789	$ 1,822,000	$ 259,606
Bay de Noc	1,163,476	1,302,825	1,360,000	196,449
C. S. Mott	5,703,085	4,869,833	6,611,000	907,799
Delta	4,533,110	4,925,787	5,349,000	815,960
Glen Oaks	660,929	724,291	780,000	118,967
Gogebic	923,148	1,183,165	1,120,000	196,780
Grand Rapids	5,717,768	6,612,432	6,733,000	1,014,799
Henry Ford	7,631,476	8,923,622	8,827,000	1,195,191
Highland Park	3,069,766	2,780,515	3,664,000	593,749
Jackson	3,065,334	3,783,888	3,617,000	551,760
Kalamazoo	3,050,268	3,274,465	3,447,000	396,535
Kellogg	2,689,190	3,010,346	3,173,000	484,054
Kirtland	1,008,224	1,019,928	1,161,000	152,997
Lake Michigan	1,498,717	1,389,269	1,742,000	243,168
Lansing	9,760,926	11,006,543	11,242,000	1,481,083
Macomb	12,079,739	11,882,868	13,665,000	1,585,158
Mid Michigan	1,242,557	1,477,303	1,415,000	172,302
Monroe	1,155,621	1,080,270	1,364,000	208,012
Montcalm	629,800	696,794	737,000	107,495
Muskegon	3,217,937	3,060,229	3,665,000	446,863
North Central	948,191	1,014,168	1,103,000	154,534
Northwestern	2,296,825	2,496,931	2,626,000	329,478
Oakland	7,797,523	6,938,182	9,064,000	1,266,234
St. Clair	2,449,426	2,597,947	2,870,000	420,754
Schoolcraft	4,128,953	4,453,217	4,867,000	738,134
Southwestern	1,585,357	1,692,431	1,799,000	213,189
Washtenaw	3,200,490	3,343,502	3,755,000	555,036
Wayne	13,069,040	15,273,277	15,704,000	2,634,653
West Shore	698,514	726,531	824,000	125,733
TOTAL	$ 106,538,230	$ 113,170,348	$ 124,106,000	$ 17,567,442

Note: All columns exclude prison programs.

(3530)

1978-79 Recommendation

COMMUNITY COLLEGES

STATE AID FOR PRISON PROGRAMS

PRISON	1977-78	Gov's Recom. Increase	1978-79 Recom. Total
Gogebic	$ 464,495	$ 148,819	$ 613,314
Jackson	1,705,765	26,694	1,732,459
Kirtland	195,815	40,817	236,632
Montcalm	459,811	66,614	526,425
Muskegon	256,690	35,321	292,011
Schoolcraft	123,234	26,831	150,065
Washtenaw	99,360	50,536	149,896
West Shore	60,677	10,679	71,356
TOTAL	$3,365,847	$ 406,311	$3,772,158

APPENDIX C

SUBSTITUTE FOR S.B. 1367

1978-79 COMMUNITY COLLEGE

APPROPRIATIONS BILL

(AS PASSED THE SENATE)

REPRINT

SUBSTITUTE FOR
SENATE BILL No. 1367

(As Passed the Senate, April 26, 1978)

A bill to make appropriations for community and junior colleges and certain other state purposes relating to education for the fiscal year ending September 30, 1979; and to provide for the disposition of fees and other income received by various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. There is appropriated for community and junior colleges and certain state purposes related to education and subject to the conditions set forth in this act, from the general fund of the state, for the fiscal year ending September 30, 1979, the sum of $127,928,200.00 or as much thereof as may be necessary for the several purposes and in the following respective amounts:

ALPENA COMMUNITY COLLEGE

NET STATE ALLOCATION..... $ 1,822,000

BAY de NOC COMMUNITY COLLEGE

NET STATE ALLOCATION..... $ 1,360,000

		For Fiscal Year Ending Sept. 30, 1979
1	CHARLES STEWART MOTT COMMUNITY COLLEGE	
2	NET STATE ALLOCATION	$ 6,611,000
3	DELTA COLLEGE	
4	NET STATE ALLOCATION	$ 5,349,000
5	GLEN OAKS COMMUNITY COLLEGE	
6	NET STATE ALLOCATION	$ 780,000
6a	GOGEBIC COMMUNITY COLLEGE	
7	NET STATE ALLOCATION	$ 1,120,000
7a	GRAND RAPIDS JUNIOR COLLEGE	
8	NET STATE ALLOCATION	$ 6,733,000
9	HENRY FORD COMMUNITY COLLEGE	
10	NET STATE ALLOCATION	$ 8,827,000
11	HIGHLAND PARK COLLEGE	
12	NET STATE ALLOCATION	$ 3,664,000
13	JACKSON COMMUNITY COLLEGE	
14	NET STATE ALLOCATION	$ 3,617,000
15	KALAMAZOO VALLEY COMMUNITY COLLEGE	
16	NET STATE ALLOCATION	$ 3,447,000
17	KELLOGG COMMUNITY COLLEGE	
18	NET STATE ALLOCATION	$ 3,173,000
19	KIRTLAND COMMUNITY COLLEGE	
20	NET STATE ALLOCATION	$ 1,161,000
21	LAKE MICHIGAN COLLEGE	
22	NET STATE ALLOCATION	$ 1,742,000
23	LANSING COMMUNITY COLLEGE	
24	NET STATE ALLOCATION	$ 11,242,000
25	MACOMB COUNTY COMMUNITY COLLEGE	
26	NET STATE ALLOCATION	$ 13,665,000
27	MID MICHIGAN COMMUNITY COLLEGE	

		For Fiscal Year Ending Sept. 30, 1979
1	NET STATE ALLOCATION	$ 1,465,000
2	MONROE COUNTY COMMUNITY COLLEGE	
3	NET STATE ALLOCATION	$ 1,364,000
4	MONTCALM COMMUNITY COLLEGE	
5	NET STATE ALLOCATION	$ 737,000
6	MUSKEGON COMMUNITY COLLEGE	
7	NET STATE ALLOCATION	$ 3,665,000
8	NORTH CENTRAL MICHIGAN COLLEGE	
9	NET STATE ALLOCATION	$ 1,103,000
10	NORTHWESTERN MICHIGAN COLLEGE	
11	NET STATE ALLOCATION	$ 2,626,000
12	OAKLAND COMMUNITY COLLEGE	
13	NET STATE ALLOCATION	$ 9,064,000
14	ST. CLAIR COMMUNITY COLLEGE	
15	NET STATE ALLOCATION	$ 2,870,000
16	SCHOOLCRAFT COLLEGE	
17	NET STATE ALLOCATION	$ 4,867,000
18	SOUTHWESTERN MICHIGAN COLLEGE	
19	NET STATE ALLOCATION	$ 1,799,000
20	WASHTENAW COMMUNITY COLLEGE	
21	NET STATE ALLOCATION	$ 3,755,000
22	WAYNE COUNTY COMMUNITY COLLEGE	
23	NET STATE ALLOCATION	$ 15,704,000
24	WEST SHORE COMMUNITY COLLEGE	
25	NET STATE ALLOCATION	$ 824,000
26	PRISON PROGRAM GRANTS	
27	GOGEBIC COMMUNITY COLLEGE	$ 613,300

		For Fiscal Year Ending Sept. 30, 1979
1	JACKSON COMMUNITY COLLEGE	$ 1,732,500
2	KIRTLAND COMMUNITY COLLEGE	$ 236,600
3	MONTCALM COMMUNITY COLLEGE	$ 526,400
4	MUSKEGON COMMUNITY COLLEGE	$ 292,000
5	SCHOOLCRAFT COMMUNITY COLLEGE	$ 150,100
6	WASHTENAW COMMUNITY COLLEGE	$ 149,900
7	WEST SHORE COMMUNITY COLLEGE	$ 71,400
8	TOTAL COMMUNITY AND JUNIOR COLLEGES	$127,928,200
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Sec. 2. (1) The sums appropriated in this act shall be paid out of the state treasury and shall be distributed by the state treasurer to the respective institutions in 12 monthly installments upon certification by the state budget director that this act is being fully complied with. The amount distributed to an institution shall not exceed the net appropriation authorized by this act.

(2) Each of the amounts appropriated shall be used solely for the respective purposes stated in this act, except as otherwise provided by law. A community or junior college shall not pay an employer's contribution to more than [illegible] retirement fund providing benefits for an employee.

Sec. 3. As used in this act:

(a) "CYES" or "calendar year equated students" means student credit hours generated between January 1, 1978, and December 31, 1978, divided by 31 student semester credit hours.

(b) "FYES" or "fiscal year equated students" means student credit hours generated between July 1, 1977 and June 30, 1978, divided by 31 student semester credit hours.

(c) "Contact hour" means a formalized hour of student instruction in which the student is scheduled to come into contact with an instructor or with tutorial or laboratory equipment a fixed number of hours during the academic period.

(d) "Quarter schedule" means an average of less than 700 instructional minutes per credit hour for the fall and next succeeding academic period.

(e) "Semester schedule" means an average of 800 or more instructional minutes per credit hour for the fall and next succeeding academic period.

(f) "Trimester schedule" means an average of not less than 700 instructional minutes per credit hour, but less than 800 instructional minutes per

credit hour, for the fall and next succeeding academic period.

Sec. 4. The appropriations made in this act recognizes the following calendar year equated student enrollments for the calendar year 1977:

Two-Year	General Academic CYES	Vocational-Technical CYES	Health CYES	Total CYES
Alpena	923	355	53	1,331
Bay de Noc	553	243	131	928
C. S. Mott	3,693	1,234	586	5,513
Delta	4,340	1,335	290	5,965
Glen Oaks	502	121	63	686
Gogebic	418	242	82	741
Grand Rapids	4,376	785	511	5,672
Henry Ford	5,080	2,436	312	7,828
Highland Park	1,721	375	206	2,302
Jackson	2,595	583	134	3,312
Kalamazoo	1,989	510	434	2,933
Kellogg	2,019	371	325	2,714
Kirtland	440	400	51	891
Lake Michigan	1,336	280	126	1,742
Lansing	6,206	2,306	614	9,126
Macomb	8,969	2,975	461	12,404
Mid Michigan	468	305	242	1,014
Monroe	994	282	63	1,339
Montcalm	314	189	73	576
Muskegon	1,996	598	154	2,748
North Central	672	79	122	873

1	Northwestern	1,333	456	191	1,980
2	Oakland	8,308	1,700	509	10,517
3	St. Clair	1,528	565	369	2,462
4	Schoolcraft	3,617	833	309	4,758
5	Southwestern	799	302	224	1,325
6	Washtenaw	2,115	1,133	290	3,538
7	Wayne	10,215	1,227	1,008	12,450
8	West Shore	495	179	49	723
9	TOTAL	78,014	22,399	7,982	108,391

Sec. 5. (1) The appropriations made in this act are based upon a new investment incentive model for determining the financial needs of community colleges. The investment incentive model provides a sustaining foundation of state financial support of community colleges in accordance with section 7 of article 8 of the state constitution of 1963, and Act No. 331 of the Public Acts of 1966, as amended, being sections 389.1 to 389.195 of the Michigan Compiled Laws. It also provides incentive grants to encourage the realization of state educational goals concerning program completions, career education, special area services, remedial instruction, target training programs for business, industry and labor, student counseling, and community college educational programs in state correctional facilities.

(2) The legislature recognizes that current state revenues are not sufficient to fully implement this model. Therefore, this approach is being phased in over a multiyear period beginning in the fiscal year ending September 30, 1979.

Sec. 6. (1) The auditor general shall audit 1978 CYES enrollments at all public community colleges. The audits shall be based upon the definitions and requirements established under this act. The auditor general shall

submit a report of findings to the senate and house appropriations committees not later than March 1, 1979.

(2) Each community college shall certify and submit 1978 CYES enrollment reports to the department of management and budget, the senate fiscal agency, and the house fiscal agency before January 5, 1979. These certified enrollment reports shall follow the definitions and requirements of this act.

(3) The department of management and budget, in cooperation with the senate fiscal agency, the house fiscal agency, and the community colleges shall begin development of a community college program classification structure for use in documenting the financial needs of community colleges.

(4) The department of education taxonomy of community college courses is discontinued.

Sec. 7. (1) The enrollment report submitted to the department of management and budget, the senate fiscal agency, and the house fiscal agency shall be organized according to the following program category definitions:

(a) The vocational-technical program category shall be limited to those courses which meet the core requirements or elective requirements for an occupational degree or certificate, which were included in the 1977 occupational taxonomy if the course complies with 1 or more of the following criteria:

(i) The contact hours of scheduled instruction are at least 1.25 times the credit hours rendered in the course.

(ii) The class size limitations occur as a function of the instructional delivery design as dictated by the substance of the course.

(iii) The demonstrated added costs of a support nature such as equipment or coordination associated with the course.

(b) The health program category shall be limited to courses which meet the core requirements or elective requirements for degrees or certificates in

the following allied health programs: dental hygiene, dental assisting, practical nursing, registered nursing, dental laboratory technology, inhalation therapy, occupational therapy, medical records technology, medical laboratory technology, radiologic technology, physical therapy, and pharmacology. Courses in these allied health programs shall comply with 1 or more of the following criteria:

(i) The contact hours of scheduled instruction are at least 1.25 times the credit hours rendered in the course.

(ii) The class size limitations occur as a function of the instructional delivery design as dictated by the substance of the course.

(iii) The demonstrated added costs of a support nature such as equipment or coordination associated with the course. Other allied health courses may be included in the vocational-technical program category if those courses meet the requirements of that category.

(c) The general academic program category shall be limited to courses which meet the core requirements or elective requirements for a degree or certificate and which do not qualify for inclusion in the vocational-technical or health program categories. Remedial courses in reading, writing, mathematics, and physical or biological sciences taught for the purpose of correcting fundamental skill deficiencies in order to pursue a degree or certificate may be included in the general academic program category and separately identified by discipline. Courses in career development involving formally organized, regularly scheduled group instruction of at least 10 students per class and directed towards program orientation and career guidance may be included in the general academic program category and separately identified by discipline. Nondegree or noncertificate courses of formally organized regularly scheduled instruction in the areas of home management, family relationships, nutrition,

occupational skill training, and conversational foreign languages may be included in the general academic program category.

(2) Student credit hours included in the enrollment reports shall meet 1 or more of the following criteria:

(a) Student credit hours in courses which may be applicable toward associate degrees in arts, applied science, commerce, science, or general studies.

(b) Student credit hours in courses which may be applicable to an occupational certificate.

(c) Student credit hours in basic studies courses in arts, sciences, humanities, letters, or social sciences.

(d) Nondegree institutional student credit hours which are credit hours generated in remedial courses, career development courses, home management courses, family relationship courses, nutrition courses, occupational skill training courses, and conversational foreign language courses if these courses are subjected to a curriculum review process, and if certificates of completion are awarded.

(3) Institutional student credit hours shall be calculated on the basis of 16 contact hours of instruction for each equated credit in semester programs or the equivalent thereof in quarter term or trimester programs.

(4) Credit hours taught in a course shall not be in excess of contact hours of instruction received.

(5) Regular student credit hours and institutional student credit hours generated in correspondence courses, and credit by examination, shall not be included in the enrollment report.

(6) Institutional student credit hours or instructional contact hours generated in hobby crafts and recreational instruction shall not be included in the enrollment report.

(7) A community or junior college shall not include in the enrollment report student credit hours generated in apprenticeship training programs operated as a part of the department of education's itinerant instructor's program, or courses in which the cost of instruction is fully funded by federal or other revenue sources from business, industry, or state agencies.

(8) A community or junior college shall not include in the enrollment report student credit hours generated in comprehensive employment training act programs when reimbursement through federal programs is not based on tuition. Students enrolled in comprehensive employment training act programs that receive tuition reimbursement shall be included in the enrollment count.

Sec. 8. (1) A community or junior college shall report calendar year equated students by dividing the total number of student credit hours for which students were enrolled as 1/10 of the total number of class days for each academic period during the calendar year by 31 for a college operating on a semester schedule, by 36 for a college operating on a trimester schedule, and by 46.5 for a college operating on a quarter term schedule. Academic periods may include exam periods but shall not include registration, counseling, or orientation periods. Community and junior colleges shall maintain and retain class lists or other records which clearly identify the number of credit hours, contact hours, and audit hours of students for courses offered throughout a fiscal year. Class lists for each academic period shall be retained for audit purposes and shall be consistent with the enrollment reports submitted according to this act. Audit hours in credit courses which are recorded on the records may be included in the enrollment report. Records of contact hours shall be maintained as annual student hours. Certified enrollment reports shall be submitted to the state budget director within 30 days after the enrollment counts are computed for each academic period during the calendar year.

(2) A community or junior college shall not include in the enrollment report, student credit hours generated for persons, other than inmates in state correctional facilities, enrolled concurrently in college credit courses and in secondary programs as a part of a cooperative program between a college district and a secondary or intermediate school district. This act shall not be construed to prohibit community or junior college services from being offered to high school enrollees, but college aid for the same hours of instruction already reimbursed by K to 12 aid shall not be paid. Inmate students or pupils may be enrolled by the department of corrections in both community or junior college and K to 12 programs. An inmate student shall not be equated to more than 1 full-time student or pupil when enrolled in both college and K to 12 programs. The department of corrections shall document the proportion of part-time membership or enrollment in which each student is enrolled in both K to 12 and college programs and shall certify the data annually to the department of management and budget, to the senate and house fiscal agencies, and to the auditor general.

(3) A community or junior college shall not prohibit a student from dropping courses during an enrollment period by eliminating drop procedures during an enrollment period or developing a refund schedule which would not provide for the reimbursement of funds for courses which are dropped during the enrollment period. As used in this subsection, "enrollment period" means 1/10 of the total number of class days for an academic period.

(4) A community or junior college enrollment report including FYES, annual teacher hours, and annual student hours shall be established semiannually by the office of the budget for the periods July 1 through December 31 and January 1 through June 30 of each year to maintain comparability of enrollments historically and with other fiscal year records.

(5) Credit course offerings shall be included in the total enrollment count for a fiscal year if the enrollment period for any course in question is completed before June 30 regardless of whether the course is terminated at the end of the fiscal year or not. If the enrollment period is not completed by June 30, the course shall be reported in the succeeding fiscal year.

(6) The auditor general shall conduct biennially performance audits of community and junior colleges as the auditor general considers necessary, but shall conduct not less than 3 performance audits.

Sec. 9. (1) Each community or junior college of this state shall furnish to the senate and house appropriations committees of the legislature information the senate and house fiscal agencies require. Before October 2 each year, the department of education shall furnish to the agencies a list of the name of each community college, its mailing address, and the name of the chief administrative officer of the community college.

(2) Each community and junior college shall furnish an annual accounting of all income and expenditures to the legislature. The accounting shall include a report of trust and endowment funds presently held by each institution, the purpose of each trust or endowment, expenditures from each trust or endowment fund during the fiscal year, revenue from interest and other sources added to each trust or endowment fund during the fiscal year, and the balance in each trust or endowment fund at year end.

Sec. 10. (1) Money received by the state from the federal government or private sources for the use of community or junior colleges is appropriated for the purpose for which provided. The acceptance and use of federal or private funds does not place an obligation upon the legislature to continue the purposes for which the funds are made available.

(2) Appropriations under this act shall not be expended in contemplation

of matching federal or other funds until federal or other matching funds are available. The acceptance of those funds does not obligate the state to continue programs after the federal or other funds are no longer available. A financial report of all programs supported by federal or other funds including revenues, receipts, and expenditures shall be furnished the chairpersons of the senate and house appropriations committees and included in the annual budget document.

(3) A community or junior college shall not establish special programs or expand existing programs which are beyond the scope of the programs of the college already established and recognized by the legislature, including a program which may develop as a result of gifts or money received or available from the federal government, if that acceptance will require obligation or expenditure of state funds.

(4) It is a condition of any appropriation made in this act that the community or junior college receiving the appropriation shall pay the employer's contributions to the Michigan public school employees retirement system and that the executive office shall include those contributions to the Michigan public school employees retirement system by community and junior colleges in the executive budget recommendations for each community and junior college.

(5) None of the appropriations contained in this act shall be used for the construction of buildings or operations of institutions not expressly authorized in section 1. Funds appropriated in this act to each institution may not be used to pay for the construction or maintenance of any self-liquidating projects. A contract shall not be let for the construction of a self-liquidating gift, grant, or institutionally funded project at any of the state supported institutions of higher education unless the project is specifically authorized by the legislature in a concurrent resolution. The request for

legislative authorization shall be initially submitted for review and approval to the joint capital outlay subcommittee and the department of management and budget. All nonstate funded project requests shall include a complete use and financing statement as defined by a policy issued by the joint capital outlay subcommittee. The use and financing statement for self-liquidating and self-supporting projects shall contain schedules for the liquidating of the debt, for the estimated or actual total construction cost, and all associated estimated operating costs, including a statement of anticipated revenues.

(6) The governing body of a community or junior college shall reduce expenditures authorized by appropriations when it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based.

Sec. 11. Each community or junior college shall report to the state budget director and the legislature any modification in tuition and student fees not later than 30 days after the modification is established by the college board.

Sec. 12. A summary report shall be provided by each community or junior college to the legislature every September 15 for the previous academic year, of all full-time faculty members and administrators in the employ of the college who are also under the employ of any other college, community college, university, school district, or governmental agency, except elected officials.

Sec. 13. (1) When it appears to the governor, based upon written information received by him from the state budget director and the department of treasury, that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, the estimates being as determined by the legislature in accordance with section 31 of article 4 of the state constitution of 1963, the governor shall make a finding that

actual revenue for that fiscal period will fall below those revenue estimates. The governor shall then order the director to review all appropriations made by the legislature, except those made for the legislative and judicial branches of government or from funds constitutionally dedicated for specific purposes.

(2) Based upon needs, the director shall recommend to the governor a reduction of expenditures authorized by the appropriations, either direct or open-ended, for that fiscal year. The governor shall review the recommendations of the director and shall prepare an order containing reductions in expenditures authorized by appropriations so that actual revenues for the fiscal period will be sufficient to equal the expenditures. The governor shall give not less than 5 days' written notice to the members of the appropriations committees of the senate and house specifying a time and place for a joint meeting of the governor and the 2 committees, at which the governor shall present to the committees the governor's recommendations and copies of the proposed order.

(3) Not later than 10 days after submission of the order to the committees, each committee by vote of a majority of its members elected and serving shall approve or disapprove the order. Expenditures authorized by appropriations shall not be reduced unless approved by both appropriations committees. Upon approval by both appropriations committees, the director shall carry out and implement the order.

(4) If either or both appropriations committees disapproves the order, the order is without force and effect. Not later than 30 days after the proposed order is disapproved, the governor may give reasonable written notice to the members of the appropriations committees of the senate and house as to the time and place of a further joint meeting of the 2 appropriations committees at which time the governor shall submit another order reducing expenditures authorized by appropriations. Within 10 days after the receipt of that order by the

appropriations committees, each appropriation committee shall by a majority of its members elected and serving, approve or disapprove the order. A copy of the order of the governor and resolutions of both the appropriations committees approving it shall be filed with the secretary of state and the order shall thereupon become effective.

Sec. 14. Each community or junior college shall establish and maint procedures for verifying each student's residency. These procedures shall include the following criteria, if available:

(a) Current address.

(b) Voter registration card.

(c) Driver's license.

(d) High school transcript.

(e) Parent's address.

Sec. 15. The governing body of a community or junior college may establish a scholarship fund within the general fund for the purpose of supporting Michigan resident senior citizens over the age of 60 in an amount equal to the full tuition charges per semester hour of credit or the quarter term equivalent. The state budget director shall not make payments for any credit hours for which the tuition charges do not comply with Act No. 331 of the Public Acts of 1966, as amended, being sections 389.1 to 389.195 of the Michigan Compiled Laws, and the intent of this section. The director shall not make payment for any credit hours of a course for which scholarships are available for the course unconditionally to all students in the course.

Sec. 16. A community or junior college shall not enter into a cooperative venture with a baccalaureate institution which requires the joint lease, purchase, or rental of space without specific legislative authorization.

Sec. 17. Each community and junior college shall submit to the legislative

fiscal agencies by December 1, 1978, a report on the number of counselors, number of hours of counseling provided, the case loads, total expenditures for counseling, the number of students counseled, and the kind of testing provided.

Sec. 18. (1) Each community and junior college shall report to the senate fiscal agency, the house fiscal agency, and the department of management and budget on forms prepared by the department of management and budget in cooperation with the senate fiscal agency and the house fiscal agency, the number of student credit hours successfully completed in courses applicable to associate degrees in arts, sciences, applied sciences, business, commerce, or technologies, and the number of student credit hours successfully completed in courses included in the vocational-technical and health program categories. In no instance shall student credit hours reported under this section be counted more than once.

(2) As used in this section, "successfully completed" means completion of a degree or certificate credit course with a passing grade of A, B, or C.

Sec. 19. (1) Included in the amounts appropriated in section 1, is the sum of $25,000.00 appropriated to each community college with less than 1,500 CYES, $50,000.00 to each community college with more than 1,500 CYES but less than 4,000 CYES, $100,000.00 to each community college with more than 4,000 CYES, $100,000.00 to Highland Park community community college, and $200,000.00 to Wayne county community college for the exclusive purpose of developing and conducting remedial education programs according to the definitions in this act.

(2) Each community college shall certify to the state budget director that the money appropriated under subsection (1) is expended for the purpose for which it is appropriated. This certification shall include a statement of expenditure for remedial programs, and shall be submitted to the state budget director not later than September 1, 1979.

Sec. 20. (1) Included in the amounts appropriated in section 1, is the sum of $25,000,000 appropriated to each community college with less than 1,500 CYES, $50,000,000 to each community college with more than 1,500 CYES but less than 4,000 CYES, $100,000.00 to each community college with more than 4,000 CYES, $100,000.00 to Highland Park Community College, $200,000.00 to Wayne County Community College, and $75,000.00 to Gogebic Community College for the exclusive purpose of developing and conducting special target training programs for business, industry, and labor.

(2) As used in this section, "target training program" means specialized occupational skill training programs which meet the following criteria:

(a) Are not a part of the regular college curriculum.

(b) Are specially designed for current or future employees of a business or industry.

(c) Are specifically requested by a business, industry or labor organization.

(3) Each community college shall certify to the state budget director that the money appropriated under subsection (1) is expended for the purpose for which it is appropriated. This certification shall include a statement of expenditure for target training programs, and shall be submitted to the state budget director not later than September 1, 1979.

Sec. 21. (1) Included in the amounts appropriated in section 1, is a sum equal to 10% of each college's reported 1976-77 fiscal year expenditure for counseling services for the exclusive purpose of developing and conducting student counseling and testing programs. In addition to those amounts, there is also appropriated in section 1, the sums of $50,000.00 to Highland Park Community College, and $100,000.00 to Wayne County Community College in special recognition of the need for intensive counseling and testing programs in those

urban community colleges.

(2) Each community college shall certify to the state budget director that the money appropriated under subsection (1) is expended for the purpose for which it is appropriated. This certification shall include a statement of expenditure for counseling programs, and shall be submitted to the state budget director not later than September 1, 1979.

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UNIVERSITY OF CALIF.
LOS ANGELES

AUG 17 1979

CLEARINGHOUSE FOR
JUNIOR COLLEGES